

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6346**

**BILL NUMBER: SB 242**

**DATE PREPARED:** Nov 7, 2001

**BILL AMENDED:**

**SUBJECT:** Tax Abatement Allocation.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

<b>LOCAL IMPACT</b>	<b>CY 2002</b>	<b>CY 2003</b>	<b>CY 2004</b>
<b>Local Revenues</b>		<b>(31,000)</b>	<b>(31,000)</b>
<b>Local Expenditures</b>			
<b>Net Increase (Decrease)</b>		<b>(31,000)</b>	<b>(31,000)</b>

**Summary of Legislation:** This bill requires the county auditor in Vanderburgh County to reallocate the property tax abatements and enterprise zone inventory credits provided in the county among the townships, based upon each township's proportional share of the county's total assessed value. It requires the county auditor to subtract the amount of the township's allocation from the township's total assessed value for the purpose of determining the township's tax rate.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under this proposal, the assessed value that is used to calculate township tax rates would be adjusted to reflect a proportional share of tax abatements and Enterprise Zone inventory credits within Vanderburgh County. As a result, each township's tax rate would also be affected with some increasing and some declining. When these new tax rates are applied to the township's actual assessed value,

the resulting tax amount charged may be more or less than the township's certified levy. This could result in a levy shortfall for some townships and a levy excess for others.

The tables below illustrate the shift in tax incentives and the resulting changes in the property tax rate and charged levy based on CY 2001 assessments, incentives, and levies. Six townships would have increased incentive deductions, higher tax rates, and levy excesses. Two townships would have reduced incentive deductions, lower tax rates, and levy shortfalls. The actual impact in any year would depend on changes in these factors.

<b>Proposed Reallocation of Abatements and Enterprise Zone Inventory Credits by Township (2001)</b>				
<b>Township</b>	<b>Actual Incentive AV</b>	<b>% of Total</b>	<b>Reallocated Incentive AV</b>	<b>% of Total</b>
Armstrong	0	0.00%	472,758	0.9%
Center	10,887,490	21.59%	11,685,574	23.2%
German	200,790	0.40%	1,674,955	3.3%
Perry	325,130	0.64%	4,157,092	8.2%
Knight	4,901,820	9.72%	17,157,029	34.0%
Pigeon	28,261,280	56.05%	12,059,828	23.9%
Scott	5,842,610	11.59%	3,101,802	6.2%
Union	0	0.00%	110,082	0.2%
<b>Total</b>	<b>50,419,120</b>		<b>50,419,120</b>	

<b>Effect of Tax Incentive Reallocation on Township Tax Rates and Charged Levies (2001)</b>				
<b>Township</b>	<b>Old Rate</b>	<b>New Rate</b>	<b>Difference</b>	<b>Tax Levy Over / (Short)</b>
Armstrong	0.3777	0.3905	0.0127	1,846
Center	0.1163	0.1166	0.0003	931
German	0.3836	0.3950	0.0114	5,823
Perry	0.2480	0.2557	0.0077	9,798
Knight	0.0774	0.0793	0.0019	9,715
Pigeon	0.2841	0.2712	-0.0129	(43,937)
Scott	0.5868	0.5693	-0.0175	(15,604)
Union	0.5975	0.6177	0.0202	680
<b>Total</b>				<b>(30,748)</b>

**State Agencies Affected:** State Board of Tax Commissioners (Department of Local Government Finance).

**Local Agencies Affected:** Vanderburgh County Auditor; Townships in Vanderburgh County.

**Information Sources:** Local Government Database.